



## THINK OMNIBUS AS A TOOL FOR EUROPEAN COMPETITIVENESS

**AFEP and Deutsches Aktieninstitut call for a rapid simplification and greater consistency of the legislative texts of the European Green Deal to strengthen European competitiveness and achieve the green transition. Reinforcing business secrecy, focusing sustainability reporting on the essentials and making the EU taxonomy optional will deliver on these objectives.**

“AFEP and Deutsches Aktieninstitut support the objectives of the European Green Deal. However, increased global competition is leading us to consider that it is necessary to adapt and simplify the regulatory framework for sustainability reporting. Turning it into a strategic tool for steering the green transition offers an opportunity to develop new products and services to conquer new markets,” emphasise Stéphanie Robert, Director-General of AFEP and Henriette Peucker, Chief Executive and Member of the Board of Deutsches Aktieninstitut.

The Draghi report identifies administrative and reporting burdens as a major factor in the EU's loss of competitiveness. European companies should not be exposed to disproportionate standards that their third country competitors do not have to apply.

With a view to the OMNIBUS-proposal announced by the Commission for 26 February 2025, AFEP and Deutsches Aktieninstitut call for a revised architecture of the European sustainability framework. The Corporate Sustainability Reporting Directive (CSRD) as the cornerstone and the European Sustainability Reporting Standards (ESRS) focussing on the essential information are needed to achieve the targeted objectives. Other texts such as the Sustainable Finance Disclosure Regulation (SFDR), the EU-Taxonomy Regulation and the Corporate Sustainability Due Diligence Directive (CS3D) will have to be aligned with the simplified CSRD to support the transition. To achieve this, both legislative (level 1) and regulatory (level 2) measures are needed:

- **Reinforce business secrets** as the CSRD requires companies to publish strategic information that may be used by non-EU competitors who are not subject to the same transparency requirements. The provisions allowing to limit the publication of sensitive information must be strengthened
- **Focus sustainability reporting on the essentials**, so that it can be used by companies' management and investors to monitor their transition. The disproportionate amount of information required has an adverse effect on the transition. Rather than serving as a strategic compass, it becomes an exercise of pure compliance
- **Review digitisation requirements** according to the European Single Electronic Format (ESEF) taking into account the development of new technologies, in particular AI

- **Suspend sector-specific standardisation** until the simplification of cross-sectoral standards has been achieved. Any sector-specific standard must replace rather than add complexity and should build on existing frameworks, such as SASB
- **Launch a comprehensive competitiveness assessment of the CS3D** before its application, in consultation with businesses and their business associations, to identify and address priority areas where clarification and burden reduction should be achieved. Leaving the text as it stands would force European companies to withdraw from certain regions of the world in favour of international competitors with lower sustainability standards. The CS3D will therefore have to be renegotiated once this assessment has been completed. In the meantime, the application of CS3D must be postponed
- **Streamline and revise provisions on climate transition plans** to have one uniform and clear definition. The transition plan should strictly refer to the Paris Agreement and is to be the reference for any transition plan requirement. The notion of “compatibility” between individual companies’ targets and the Paris Agreement targets should be clearly defined
- **Make the application of the EU taxonomy optional** since it covers only part of the economy and imposes a significant burden to demonstrate the alignment of eligible activities.

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